

News

United States
Department
of Labor



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PLS - 3892
FOR RELEASE:
MONDAY, JULY 22, 2002

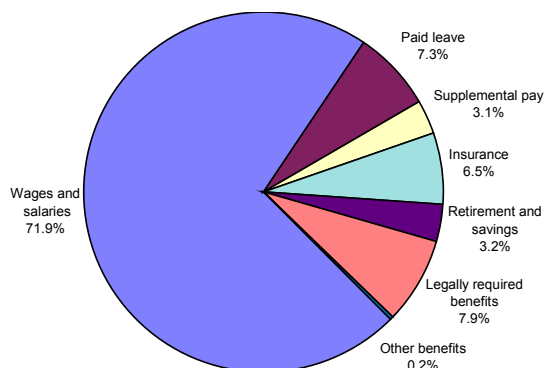
Employer Costs For Employee Compensation In The Northeast Region, March 2002

Employer costs for employee compensation in private industry in the Northeast averaged \$25.00 per hour worked in March 2002, according to data released by the U.S. Department of Labor's Bureau of Labor Statistics. Regional Commissioner Sheila Watkins reported that compensation costs averaged \$19.49 in the South, \$21.25 in the Midwest, and \$22.68 in the West. Compensation for private industry workers in the U.S. was \$21.71 per hour.

Wages and salaries in the Northeast averaged \$17.97, representing 71.9 percent of total compensation costs. The national average for wages and salaries was \$15.80, which accounted for 72.8 percent of all compensation costs. Among other regions, average wage costs were \$14.34 in the South, \$15.29 in the Midwest, and \$16.68 per hour in the West.

Employer costs for benefits accounted for the remaining 28.2 percent of total compensation in the Northeast and averaged \$7.04. The proportion of compensation costs paid for benefits in the Northeast was virtually the same as the 28.0 percent share in the Midwest. Benefit cost shares averaged 26.4 percent in both the South and in the West. Nationally, the benefit proportion accounted for 27.2 percent of total compensation costs.

**Chart 1: Percent distribution of employer costs for employee compensation
for private industry in the Northeast, March 2002**



Within the benefits grouping, legally required benefits, including Social Security, workers' compensation, and unemployment insurance, averaged \$1.98 per hour worked and represented 7.9 percent of total compensation. Other important benefit categories and their average hourly costs were: paid leave, \$1.83; insurance, \$1.62; supplemental pay, 77 cents; and retirement and savings, 80 cents per hour.

EXPLANATORY NOTES

Employer Costs for Employee Compensation (ECEC) is a measure of the average cost per employee hour worked to employers for wages and salaries and benefits. Employer Costs for Employee Compensation include data from both private industry and State and local government. Data in this release, however, are limited to private industry workers and exclude public sector employees. Not included in the ECEC survey are the self-employed, and farm, household, and Federal government workers. The survey is conducted during the payroll period that includes March 12th as the reference period.

Wages and salaries are defined as the hourly straight-time wage rate, or for workers not paid on an hourly basis, straight-time earnings divided by the corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions and include production bonuses, incentive earnings, commission payments, and cost-of-living adjustments. Not included in straight-time earnings are nonproduction bonuses such as lump-sum payments provided in lieu of wage increases, shift differentials, and premium pay for overtime and for work on weekends and holidays; these payments are included in the benefits component.

Benefits covered are: paid leave--vacations, holidays, sick leave, and other leave; supplemental pay--premium pay for work outside the regular work schedule (such as overtime, weekends and holidays), shift differentials, nonproduction bonuses (e.g., referral bonuses and lump-sum payments provided in lieu of wage increases); insurance benefits--life, health, short-term disability, and long-term disability insurance; retirement and savings benefits--defined benefit and defined contribution plans; legally required benefits--Social Security (OASDI and Medicare), Federal and State unemployment insurance, and Workers' Compensation; and other benefits--severance pay and supplemental unemployment plans.

The March 2002 Survey

The March 2002 levels of Employer Costs for Employee Compensation were calculated using March 2002 employment counts from the Bureau of Labor Statistics' Current Employment Statistics (CES) program, benchmarked to the 2001 universe of all private nonfarm establishments. In the future, publication of ECEC data will be on a quarterly basis instead of annual, with data collected for the pay period including the 12th day of the survey months of March, June, September, and December. Publication of quarterly ECEC data will be approximately three months after the month of reference. Information on the new data series can be obtained by calling (202) 691-6199, visiting the Internet site (<http://www.bls.gov/ncs/ect/home.htm>), or by e-mail request (ocltinfo@bls.gov).

Comparison of ECEC and ECI

In contrast to the ECEC, which uses current weights to calculate cost levels, the Employment Cost Index (ECI) measures the change in employer costs for employee compensation with fixed 1990 employment counts to prevent employment shifts among occupations and industries from influencing the changes. Therefore, year-to-year changes in the ECEC will differ from those in the ECI.

Additional information

Articles, bulletins, and other information on employer costs and employee compensation may be obtained by contacting the Bureau's Mid-Atlantic information office in Philadelphia at (215) 597-3282 or the ECEC staff in Washington, D.C. at (202) 691-6199. A historical summary from 1986 through 2002 is also available on the Internet site (<http://www.bls.gov/ncs/ect/home.htm>) or upon request.

Table 1. Employer costs per hour worked for employee compensation and costs as a percent of total compensation, private industry, U.S. and regions¹, March 2002

Compensation component	United States		Northeast		South		Midwest		West	
	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent
Total compensation	\$21.71	100.0	\$25.00	100.0	\$19.49	100.0	\$21.25	100.0	\$22.68	100.0
Wages and salaries	15.80	72.8	17.97	71.9	14.34	73.6	15.29	72.0	16.68	73.5
Total benefits	5.90	27.2	7.04	28.2	5.14	26.4	5.96	28.0	5.99	26.4
Paid leave	1.44	6.6	1.83	7.3	1.24	6.4	1.35	6.4	1.48	6.5
Vacation	0.72	3.3	0.92	3.7	0.62	3.2	0.68	3.2	0.74	3.3
Holiday	0.49	2.3	0.62	2.5	0.42	2.2	0.47	2.2	0.51	2.2
Sick	0.17	0.8	0.22	0.9	0.14	0.7	0.14	0.7	0.19	0.8
Other	0.06	0.3	0.08	0.3	0.05	0.3	0.07	0.3	0.05	0.2
Supplemental pay	0.62	2.9	0.77	3.1	0.50	2.6	0.73	3.4	0.52	2.3
Premium ²	0.24	1.1	0.22	0.9	0.22	1.1	0.30	1.4	0.23	1.0
Shift differential	0.06	0.3	0.06	0.2	0.04	0.2	0.08	0.4	0.05	0.2
Nonproduction bonuses	0.32	1.5	0.49	2.0	0.24	1.2	0.35	1.6	0.24	1.1
Insurance	1.40	6.4	1.62	6.5	1.25	6.4	1.47	6.9	1.35	6.0
Life	0.04	0.2	0.05	0.2	0.04	0.2	0.04	0.2	0.04	0.2
Health	1.29	5.9	1.48	5.9	1.14	5.8	1.35	6.4	1.26	5.6
Short-term disability	0.04	0.2	0.06	0.2	0.04	0.2	0.05	0.2	0.03	0.1
Long-term disability	0.03	0.1	0.03	0.1	0.03	0.2	0.03	0.1	0.03	0.1
Retirement and savings	0.63	2.9	0.80	3.2	0.52	2.7	0.63	3.0	0.65	2.9
Defined benefit	0.23	1.1	0.27	1.1	0.17	0.9	0.28	1.3	0.22	1.0
Defined contribution	0.40	1.8	0.53	2.1	0.35	1.8	0.35	1.6	0.43	1.9
Legally required benefits	1.80	8.3	1.98	7.9	1.61	8.3	1.75	8.2	1.97	8.7
Social Security ³	1.32	6.1	1.47	5.9	1.20	6.2	1.29	6.1	1.39	6.1
OASDI	1.06	4.9	1.17	4.7	0.97	5.0	1.04	4.9	1.12	4.9
Medicare	0.26	1.2	0.30	1.2	0.23	1.2	0.25	1.2	0.27	1.2
Federal unemployment insurance	0.03	0.1	0.03	0.1	0.03	0.2	0.03	0.1	0.03	0.1
State unemployment insurance	0.10	0.5	0.14	0.6	0.06	0.3	0.09	0.4	0.12	0.5
Workers' compensation	0.35	1.6	0.34	1.4	0.31	1.6	0.34	1.6	0.43	1.9
Other benefits ⁴	0.03	0.1	0.04	0.2	0.02	0.1	0.03	0.1	0.02	0.1

¹ The regional coverage is as follows: Northeast - Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; South - Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; Midwest - Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; and West - Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

² Includes premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays).

³ The total employer's cost for Social Security is comprised of an OASDI portion and a Medicare portion. OASDI is the abbreviation for Old-Age, Survivors, and Disability Insurance.

⁴ Includes severance pay and supplemental unemployment benefits.

Note: The sum of individual items may not equal totals due to rounding.